



# **FEEDBACK ON ITPSA REVIEW**

**Consultation on  
The Information Technology  
Professional Services arrangement (ITPSA)  
In the Government of the  
Hong Kong Administrative Region**

Version 1.0

**18<sup>th</sup> June 2004**

Item #	ITPSA Issues
<b>(a)</b>	<b>Participation by Suppliers</b>
	<p>Unisys agrees that there is room to increase the number of contractors in each service categories/group as this will increase competition. Unisys also recognises that selecting too many suppliers will result in fragmentation of the Governments spend leading to erosion of its purchasing leverage.</p> <p>Unisys therefore suggests the following for each Group within each current Category.</p> <p>Category A – 5 Suppliers</p> <p>Category B – 3 Suppliers</p> <p>Category C – 3 Suppliers</p> <p>Category D – 3 Suppliers</p> <p>Note: However, a simpler structure such as suggested in Point (d) below, would be perhaps the best solution going forward.</p>
<b>(b)</b>	<b>Length of Contracts</b>
	<p>Unisys recognises that a short contract term will increase the administrative cost of the Government and contractors alike and may cause contractors to attempt to quickly recover such costs through higher pricing.</p> <p>In respect to the suggestion that a long validity period may render the ITPSA less responsive to technology changes, Unisys recognises the ITSD's counter arguments and suggests that this risk may be further mitigated by selecting contractors with a broad portfolio and a demonstrable long-term track record in flexibility and adapting to an ever changing market place.</p> <p>Unisys suggests a validity period of 36 months + optional 24 months.</p>

<b>(c)</b>	<b>Selection of Contractors and Quality Consideration</b> <p>Unisys recognises the value the Government places on quality during 1<sup>st</sup> stage selection process but suggests that the emphasis on quality may be lost during 2<sup>nd</sup> stage selection exercise.</p> <p>Unisys agrees that lowest price selection could lead to ‘cut-throat price competition’ at the expense of quality and suggests that even where a detailed project specification and acceptance criteria provides for contractual remedy in the event of sub-standard delivery, such failure will not be without impact to the Government.</p> <p>If the Government were to apply a small weighting for quality to the 2<sup>nd</sup> stage selection it may receive greater value for money. This weighting could be applied separately to each bid for each requirement but it may be more efficient for the Government to award each contractor a quality weighting at the time of selection for the ITPSA.</p> <p>This weighting could be reviewed after each project and reduced for suppliers that do not deliver to specification at the first attempt and within the project deadline. Similarly it could be increased for contractors who deliver ahead of schedule or that bring value add innovation to a project.</p> <p>Weightage should be more on the Quality and Content of the Service rather than just the least price for awarding the Work Assignment. This will reduce the cut-throat pricing between the contractors and instead help them to channelize their efforts and resources in focusing on providing better quality services to the Government.</p> <p>Therefore, Unisys recommends rating on different criteria should be of the followings:</p> <p>Pricing – 70%, Capabilities – 30%</p> <p>Note: Capabilities consists of Qualification, Track record, and Service Quality.</p>
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**(d) Categorisation of Services and Suppliers**

The categorisation of services, as indicated in the consultation paper, should be based on the trend in user requirements – which is something that the ITSD itself would be in the best position to determine. Categorising services based on industry trends or any other basis would be counter-productive if the user departments would not be able to fit their needs or requirements accordingly.

The categorisation or grouping of suppliers should ideally be the result of a matching exercise. Since a profile of accomplished projects will give a picture of a supplier’s capability and experience, this profile should be matched against the requirement specifications of a particular government project. However, this would necessitate a further categorisation of the requirements specifications or service briefs.

Unisys suggests that we now have the following Three Categories:

**A. Systems** – to include  
 Feasibility Studies, Application Development, Systems Integration,  
 Web Design & Development

**B. Services** – to include  
 Infrastructure, Infrastructure Managed Services, Help Desk,  
 Network Management, Security

**C. Consultancy Services** – to include  
 Management Consultancy, Business Process Reengineering,  
 Procurement Services

For each Category, there should be between 3-5 Selected Vendors.  
 Based on this, Unisys recommend the classification as follows: -

	Service Group 1	Service Group 2
Cat A	5	5
Cat B	3	3
Cat C	3	3

<b>(e)</b>	<b>Categorisation of Human Resources</b>
	<p>Unisys has successfully worked with the UK Government under the structure referenced in the Annex B of the ITPSA Consultation document and suggests that this may provide greater flexibility in the Hong Kong model.</p> <p>Similarly, greater flexibility may also be achieved by stating the absolute minimum requirement in terms of qualifications and experience but allowing different rates to be submitted for personnel with additional qualifications and experience.</p> <p>To have an impact on the quality of project delivery both of the above suggestions require some consideration to be given to the quality of the contractor's personnel during the 2<sup>nd</sup> stage selection process.</p> <p>Basic IT Professional Skills and Experience required should remain categorised. The required certifications and experience should be specified in the tendering process instead of during the AB process.</p> <p>Job titles with minimum experience level needed to be defined.</p> <p>However, specialty skills and evolving technology expertise may remain flexible and be subject to actual AB requirement.</p>
<b>(f)</b>	<b>Sub-contracting</b>
	<p>Unisys believes that the Governments current approach to sub-contracting is the correct one as it provides greater flexibility and ensures the Government benefits from the best skills available in the market place.</p> <p>A ten-day turnaround period for sub-contractor approval is quick but the process may be made even more efficient if the Government were to publish detailed sub-contractor qualification criteria that would allow the prime contractor to perform a pre-qualification exercise.</p> <p>Primes should be allowed to freely use the sub-contractors even after the award of Assignments.</p> <p>A simple Change Request Approval process should be sufficient to include or change any sub-contractors, as long as all Assignment Brief requirements are met.</p>
<b>(g)</b>	<b>Country of Origin of Workforce</b>
	<p>We agree that the present arrangement is working well and that no workforce regulation is necessary.</p> <p>Should not be an issue. Government should seek to obtain the best possible skills for the benefit of execution of any Work Assignment. It's good to permit skills to be supplied from overseas.</p>

<b>(h)</b>	<b>Managing Conflict of Interest</b>
	<p>The dynamism of the IT industry cited in the consultation paper extends to the fact that even the best-known competitors form alliances when necessary. In such an environment, it would be difficult to design additional safeguards without imposing artificial and arbitrary segmentation, classifications, and limitations. We believe that the ITPSA has done well in this area and its current practice should be continued. Any actual cases that come up should be taken on as they occur.</p> <p>a) Subject to further discussion – the government need to define what constitutes “conflict of interest” in the light of ITPSA engagements.</p> <p>b) As long as the contractors declare they are free from any conflict of interest if applicable, the ITPSA should not render a submitted proposal invalid or impose any additional barriers on contractor from bidding for certain work assignment under ITPSA.</p>
<b>(i)</b>	<b>Supplier Registration System</b>
	<p>We agree with the position taken in the consultation paper that the current system be maintained and enhanced.</p> <p>Maintain pre-qualified suppliers based on track record, company capability and qualifications.</p>
<b>(j)</b>	<b>Other ITPSA Administrative Issues:</b>
	<ol style="list-style-type: none"> <li>1. Criteria for raising a Change Request may need review. All parties concerned should be made more aware of the process involved</li> <li>2. PAEF Process needs clarification</li> <li>3. Reporting of the Monthly Status report format should be more streamlined and made more flexible in terms of input</li> <li>4. Changes to T &amp; C related to -- Unlimited Liability Clause</li> </ol>

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